



Interregional Distribution Grid Company of Centre,
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MINUTES
of the meeting of the Audit Committee
of the Board of Directors of IDGC of Centre, PJSC
(in the form of joint presence)

16 November 2018

Moscow

No. 12/18

Form of the meeting: joint presence.

Time of the meeting: 10 hours 00 minutes – 12 hours 00 minutes.

Place of the meeting: Moscow, 2nd Yamskaya, 4, Floor 5, Room 507.

Video conference A5-048 at the address: Moscow, Belovezhskaya str. 4 (PJSC «Rosseti»)

Total number of members of the Audit Committee: 3 persons.

Participants of the meeting: A.V. Varvarin, M.M. Saukh (Video conference), A.V. Shevchuk.

Members who neither participated nor provided questionnaires: none.

The quorum is present.

Date of the minutes: 16.11.2018.

The Expert conclusion of the expert of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC E.B. Sinitsyna was taken into account at drawing up of the minutes.

The meeting of the Audit Committee was audiotaped (hereinafter – the Committee), which is stored in the materials to the meeting of the Committee.

The meeting of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC was opened by Chairperson of the Audit Committee of the Board of Directors of IDGC of Centre, Alexander Viktorovich Varvarin.

Director of Control and Expert Office of Internal Audit and Control Department of PJSC «Rosseti», M.A. Lelekova, was present.

The following persons from IDGC of Centre were present:

A.K. Akhmedova - Deputy General Director for Legal Provision

V.A. Gorev - Deputy General Director for Capital Construction

I.V. Gromova - Deputy General Director for Human Resources and Organizational Design

K.Y. Petukhov - Deputy General Director for Development and Sale of Services

L.A. Sklyarova - Chief Accountant - Head of Financial and Tax Accounting and Reporting Department

S.V. Shpakova - Head of Internal Audit Department

After the announcement of a quorum regarding the agenda items, the meeting of the Audit Committee was called to order.

AGENDA:

1. On consideration of interim accounting (financial) statements of the Company for 9 months of 2018, prepared under RAS.
2. On consideration of the report of the Internal Audit Department of the Company «On execution of the Work Plan for 9 months of 2018 and results of the internal audit activity».

3. On preliminary consideration of the Work Plan of the Internal Audit Department of the Company for 2019.
4. On preliminary consideration of the organizational structure and budget of the Internal Audit Department of the Company for 2019.
5. On preliminary determination of remuneration of the head of the Internal Audit Department of the Company (defining target values of functional KPIs) for 2019.

Item 1. On consideration of interim accounting (financial) statements of the Company for 9 months of 2018, prepared under RAS.

Speaker – Lyudmila Alexeevna Sklyarova.

In discussing the report the questions and comments were received from M.M. Saukh, A.V. Varvarin, A.V. Shevchuk, M.A. Lelekova.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

1. Following the results of consideration of the accounting (financial) statements of IDGC of Centre, PJSC for 9 months of 2018, prepared under RAS, to note:

- excess of growth rates of expenses over growth rates of revenue;
- decrease in profitability of sales;
- increase in overdue receivables.

2. To recommend to the Company’s management to submit to the members of the Audit Committee detailed breakdown of management expenses for 9 months of 2018.

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 2. On consideration of the report of the Internal Audit Department of the Company «On execution of the Work Plan for 9 months of 2018 and results of the internal audit activity».

Speaker – Svetlana Valeryevna Shpakova.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk, M.A. Lelekova.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

1. To approve the report of the Internal Audit Department of IDGC of Centre, PJSC «On execution of the Work Plan and take into consideration the results of the internal audit activity for 9 months of 2018» in accordance with Appendix # 1 to this decision of the Audit Committee.

2. To recommend to the Company’s management to submit, within the framework of consideration of the management report «On the implementation of the Plans of corrective measures in 2018 to eliminate deficiencies identified by the Company’s Audit Commission, the Company’s internal audit, external control (supervision) bodies, on the implementation of measures taken on facts of informing about potential cases of employees’ unethical practices, as well as results of investigations»:

2.1. information on the execution of delayed corrective measures as at 30.09.2018.

2.2. results of analysis of the situation on the execution by LLC “TSR-Radian” of obligations

under all contracts concluded with the Company's Branches.

2.3. results of evaluation of the system of internal control over the activities of supervisors of contracts concluded with LLC "TSR-Radian".

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 3. On preliminary consideration of the Work Plan of the Internal Audit Department of the Company for 2019.

Speaker – Svetlana Valeryevna Shpakova.

In discussing the report the questions and comments were received from A.V. Varvarin, M.M. Saukh, A.V. Shevchuk, M.A. Lelekova.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

1. To agree upon the Work Plan of the Internal Audit Department of IDGC of Centre, PJSC for 2019 in accordance with Appendix # 2 to this decision of the Audit Committee.

2. To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

«To approve the Work Plan of the Internal Audit Department of IDGC of Centre, PJSC for 2019 in accordance with Appendix #_ to this decision of Board of Directors of the Company».

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 4. On preliminary consideration of the organizational structure and budget of the Internal Audit Department of the Company for 2019.

Speaker – Svetlana Valeryevna Shpakova.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk, M.A. Lelekova.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

1. To agree upon the structure of the Internal Audit Department of IDGC of Centre, PJSC in accordance with Appendix # 3 to this decision of the Audit Committee.

2. To agree upon the budget of the Internal Audit Department of IDGC of Centre, PJSC for 2019 in accordance with Appendix # 4 to this decision of the Audit Committee.

3. To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

«To approve the budget of the Internal Audit Department of IDGC of Centre, PJSC for 2019 in accordance with Appendix #_ to this decision of Board of Directors of the Company».

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 5. On preliminary determination of remuneration of the head of the Internal Audit Department of the Company (defining target values of functional KPIs) for 2019.

Speaker – Svetlana Valeryevna Shpakova.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk, M.A. Lelekova.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

«1. To define the target values of key performance indicators of Director of the Company's Internal Audit Department in accordance with Appendix #_ to this decision of Board of Directors of the Company.

2. To instruct General Director of the Company to approve the target values of key performance indicators of Director of the Company's Internal Audit Department specified in paragraph 1 of this decision in the manner established in IDGC of Centre, PJSC».

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Appendices:

1. The report of the Internal Audit Department of IDGC of Centre, PJSC «On execution of the Work Plan and take into consideration the results of the internal audit activity for 9 months of 2018» (Appendix # 1).

2. The Work Plan of the Internal Audit Department of IDGC of Centre, PJSC for 2019 (Appendix # 2).

3. The structure of the Internal Audit Department of IDGC of Centre, PJSC (Appendix # 3).

4. The budget of the Internal Audit Department of IDGC of Centre, PJSC for 2019 (Appendix # 4).

Chairperson of the Audit Committee

A.V. Varvarin

Secretary of the Audit Committee

S.V. Lapinskaya